CEDERBERG

LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2014

CEDERBERG LOCAL MUNICIPALITY

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CEDERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

NATURE OF BUSINESS

Cederberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Cederberg Local Municipality includes the following areas:

Algeria
Clanwilliam
Lamberts Bay
Citrusdal
Graafwater
Leipoltville
Elands Bay

MEMBERS OF THE MAYORAL COMMITTEE

Cllr Lorna Scheepers (Executive Mayor)
Cllr Charmain September (Deputy Executive Mayor)
Cllr Danville Smith (Member)
Cllr William Abels (Member)

MUNICIPAL MANAGER

Mr. Ian Kenned

CHIEF FINANCIAL OFFICER

Mr. Elrico Alfred

REGISTERED OFFICE

2A Vootrekker Road
Clanwilliam

AUDITORS

Office of the Auditor General (Western Cape)

PRINCIPLE BANKERS

ABSA BANK Limited

AUDIT COMMITTEE

Francois Engelbrecht (Chairperson)
Christiaan Cloete
Denver Miller

ATTORNEYS

Webber Wentzel

CEDERBERG LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

GENERAL INFORMATION

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Remuneration of Public Office Bearers' Act (Act 20 of 1998)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations
National Environmental Management Act
Preferential Procurement Policy Framework Act, 200
Occupational Health and Safety Act

MEMBERS OF THE CEDERBERG LOCAL MUNICIPALITY

Ward 1	Cllr Johannes Jacobus Muller (Speaker)
Ward 2	Cllr Julio Julian Fransman
Ward 3	Cllr Lorna Scheepers
Ward 4	Cllr Jimmy Barnard
Ward 5	Cllr Danville Smith
Ward 6	Cllr William Abels
Proportional	Cllr Peter Petersen
Proportional	Cllr Judith Mouton
Proportional	Cllr Colin Erasmus
Proportional	Cllr Benjamin Ferdinand Zass
Proportional	Cllr Charmaine Karika September

CEDERBERG LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2014, which are set out on pages 1 to 78 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

28/08/2014

Date

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
NET ASSETS AND LIABILITIES			
Net Assets		**408 184 213**	**405 091 137**
Capital Replacement Reserve	**2**	5 000 000	5 000 000
Accumulated Surplus		403 184 213	400 091 137
Non-Current Liabilities		**57 661 484**	**49 363 010**
Long-term Liabilities	**3**	14 251 372	17 436 212
Employee Benefits	**4**	23 747 274	19 067 368
Non-Current Provisions	**5**	19 662 838	12 859 429
Current Liabilities		**64 626 215**	**57 001 214**
Consumer Deposits	**6**	1 388 759	1 362 780
Current Employee Benefits	**7**	6 716 152	6 603 227
Provisions	**8**	-	6 388 940
Payables from Exchange Transactions	**9**	51 070 930	38 501 281
Unspent Conditional Government Grants and Receipts	**10**	1 874 177	877 400
Unspent Public Contributions	**11**	2 409	2 409
Operating Lease Liability	**19**	18 417	14 410
Current Portion of Long-term Liabilities	**3**	3 555 370	3 250 767
Total Net Assets and Liabilities		**530 471 911**	**511 455 361**
ASSETS			
Non-Current Assets		**485 909 998**	**466 282 343**
Property, Plant and Equipment	**13**	417 781 396	398 036 928
Investment Property	**14**	67 888 795	67 942 045
Intangible Assets	**15**	239 807	303 370
Current Assets		**44 561 913**	**45 173 018**
Inventory	**16**	2 782 092	2 881 902
Receivables from Exchange Transactions	**17**	26 065 700	24 341 359
Receivables from Non-Exchange Transactions	**18**	11 409 520	8 556 018
Unpaid Conditional Government Grants and Receipts	**10**	412 725	388 570
Operating Lease Asset	**19**	45 125	61 090
Taxes	**12**	240 010	2 268 312
Cash and Cash Equivalents	**20**	3 606 741	6 675 768
Total Assets		**530 471 911**	**511 455 361**

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
REVENUE			
Revenue from Non-exchange Transactions		**116 585 359**	**117 859 113**
Taxation Revenue		**30 190 343**	**27 355 836**
Property Rates	**21**	26 859 319	25 722 167
Other Taxes	**22**	3 331 024	1 633 669
Transfer Revenue		**83 488 250**	**80 228 170**
Government Grants and Subsidies - Operating	**23**	50 220 121	34 068 653
Government Grants and Subsidies - Capital	**23**	33 268 129	46 159 517
Other Revenue		**2 906 766**	**10 275 107**
Third Party Payments		299 987	266 301
Fines	**24**	2 590 243	2 097 195
Transfer of Assets	**25**	-	6 364 070
Actuarial Gains	**26**	-	1 547 541
Reversal of Impairments	**35**	16 537	-
Revenue from Exchange Transactions		**88 806 068**	**80 356 614**
Service Charges	**27**	78 868 882	70 785 079
Rental of Facilities and Equipment	**28**	2 818 018	2 825 608
Interest Earned - external investments		242 295	675 529
Interest Earned - outstanding debtors		2 717 029	2 586 490
Agency Services		1 245 782	1 053 400
Licences and Permits	**29**	877 274	818 611
Other Income	**30**	2 036 788	1 611 897
Total Revenue		**205 391 427**	**198 215 727**
EXPENDITURE			
Employee related costs	**31**	61 942 645	58 230 391
Remuneration of Councillors	**32**	4 046 974	3 456 600
Debt Impairment	**33**	5 243 350	3 330 677
Collection Cost		285 376	126 747
Depreciation and Amortisation	**34**	13 592 473	13 396 483
Impairments	**35**	-	38 293
Repairs and Maintenance		5 066 549	6 102 058
Actuarial Losses	**26**	2 380 324	-
Finance Charges	**36**	4 810 137	3 656 324
Bulk Purchases	**37**	56 019 912	50 245 278
Stock Adjustments		(324)	1 055
Operating Grant Expenditure	**38**	18 872 490	7 985 278
General Expenses	**39**	28 115 637	30 937 275
Loss on disposal of Property, Plant and Equipment		1 922 809	761 788
Total Expenditure		**202 298 351**	**178 268 247**
NET SURPLUS FOR THE YEAR		**3 093 076**	**19 947 480**

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Capital Replacement Reserve	Accumulated Surplus	Total
	R	R	R
Balance at 1 July 2012	**5 000 000**	**385 514 944**	**390 514 944**
Correction of error restatement - note 40.01	-	(5 371 287)	(5 371 287)
Restated Balance at 1 July 2012	**5 000 000**	**380 143 657**	**385 143 657**
Net Surplus for the year	-	19 947 480	19 947 480
Restated balance at 30 June 2013	**5 000 000**	**400 091 137**	**405 091 137**
Net Surplus for the year	-	3 093 076	3 093 076
Balance at 30 June 2014	**5 000 000**	**403 184 213**	**408 184 213**

CEDERBERG LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 R	Restated 2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and Other		110 392 612	96 780 918
Government		84 814 469	79 729 177
Interest		2 959 324	3 262 019
Payments			
Suppliers and Employees		(160 719 527)	(138 184 047)
Finance charges		(2 383 529)	(1 521 090)
Cash generated by operations	**41**	**35 063 350**	**40 066 977**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(35 711 147)	(48 791 814)
Proceeds from sale of Property, Plant and Equipment		854 316	-
Purchase of Intangible Assets	**15**	-	(6 276)
Net Cash from Investing Activities		**(34 856 831)**	**(48 798 090)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 301 525)	(2 549 701)
New loans raised		-	12 000 000
Increase in Consumer Deposits		25 978	76 607
Net Cash from Financing Activities		**(3 275 547)**	**9 526 906**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3 069 028)**	**795 794**
Cash and Cash Equivalents at the beginning of the year		6 675 768	5 879 974
Cash and Cash Equivalents at the end of the year	**42**	3 606 741	6 675 768
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3 069 028)**	**795 794**

CEDERBERG LOCAL MUNICIPALITY

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2014

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	50 372 000	2 205 000	52 577 000	44 561 913	(8 015 087)
Total non-current assets	457 584 000	42 249 000	499 833 000	485 909 998	(13 923 002)
Total current liabilities	29 991 000	100 000	30 091 000	64 626 215	34 535 215
Total non-current liabilities	34 468 000	-	34 468 000	57 661 484	23 193 484
TOTAL NET ASSETS	**443 497 000**	**44 354 000**	**487 851 000**	**408 184 212**	**(79 666 788)**
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property rates	30 199 000	(1 030 713)	29 168 287	26 859 319	(2 308 968)
Service charges	81 327 000	(2 725 526)	78 601 474	78 868 882	267 408
Investment revenue	709 000	(388 027)	320 973	242 295	(78 678)
Transfers recognised - operational	43 033 000	13 576 000	56 609 000	50 220 121	(6 388 879)
Other own revenue	10 969 000	(271 912)	10 697 088	15 932 681	5 235 593
Total Revenue (excluding capital transfers)	**166 237 000**	**9 159 822**	**175 396 822**	**172 123 298**	**(3 273 524)**
EXPENDITURE					
Employee costs	63 237 000	(2 098 000)	61 139 000	61 942 645	803 645
Remuneration of councillors	3 794 000	129 142	3 923 142	4 046 974	123 832
Depreciation & asset impairment	20 000 000	-	20 000 000	13 592 473	(6 407 527)
Finance charges	1 700 000	2 465 559	4 165 559	4 810 137	644 578
Materials and bulk purchases	50 000 000	1 799 600	51 799 600	56 019 912	4 220 312
Other expenditure	49 597 000	14 639 994	64 236 994	61 886 211	(2 350 783)
Total Expenditure	**188 328 000**	**16 936 295**	**205 264 295**	**202 298 351**	**(2 965 944)**
Surplus/(Deficit)	(22 091 000)	(7 776 473)	(29 867 473)	(30 175 053)	(307 580)
Transfers recognised - capital	70 008 000	(21 185 188)	48 822 812	33 268 129	15 554 683
NET SURPLUS FOR THE YEAR	**47 917 000**	**(28 961 661)**	**18 955 339**	**3 093 076**	**15 247 103**
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	85 249 000	(10 132 000)	75 117 000	35 063 350	(40 053 650)
Net Cash Flow from Investing Activities	(75 008 000)	14 804 000	(60 204 000)	(34 856 831)	25 347 169
Net Cash Flow from Financing Activities	(4 671 000)	1 918 000	(2 753 000)	(3 275 547)	(522 547)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5 570 000**	**6 590 000**	**12 160 000**	**(3 069 028)**	**(15 229 028)**

Refer to note 56.01 for explanations of material variances between the original and final budget.

Refer to note 56.02 for explanations of material variances between actual amounts and the final budget.

Refer to note 55.03 for reconciliation between final budget amounts and final approved budget.

Material variances are considered to be any variances greater than R2 million.

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 5 (Revised Feb 2013)	Borrowing Costs	1 April 2014
GRAP 100 (Revised – Feb 2013)	Discontinued Operations (formerly known as Non-current assets held for Sale and Discontinued Operations)	1 April 2014

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.7. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. .

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 **(Revised – Nov 2010**	**Consolidated and Separate Financial Statements** The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of an economic entity as a single entity. No significant impact is expected as the Municipality does not have any entities at this stage to be consolidated.	**Unknown**
GRAP 8 **(Revised – Nov 2010)**	**Interest in Joint Ventures** The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities. No significant impact is expected as the Municipality is not involved in any joint ventures.	**Unknown**
GRAP 18 **(Original – Feb 2011)**	**Segment Reporting** The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the financial statements.	**1 April 2015**

GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**Unknown**
GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No such transactions or events are expected in the foreseeable future.	**Unknown**
GRAP 105 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**
GRAP 106 **(Original – Nov 2010)**	**Transfer of Functions Between Entities Not Under Common Control** The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**
GRAP 107 **(Original – Nov 2010)**	**Mergers** The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact expected as no such transactions or events are expected in the foreseeable future.	**1 April 2015**

GRAP 108 **(Original – Sept 2013)**	**Statutory Receivables** The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
IGRAP 11	**Consolidation - Special Purpose Entities (SPE)** The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	**Unknown**
IGRAP 12	**Jointly Controlled Entities non-monetary contributions** The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	**Unknown**
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality does not have any Concession Arrangements at this stage.	**Unknown**

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.10. RESERVES

1.10.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus are credited by a corresponding amount when the amounts in the CRR are utilized.

1.11. LEASES

1.11.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.11.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.15.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.7 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16 BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years
Land and Buildings	
Buildings	9 – 101
Capitalised Restorations Costs	14 – 22
Infrastructure	
Roads, Pavement, Bridges and Storm Water	1 – 50
Water Network	6 – 51
Electricity Network	9 – 114
Sewerage Network	3 – 51
Leased Assets	
Office Equipment	1 – 5
Community Assets	
Recreational Facilities	40 - 101
Parks and Gardens	50 - 75
Community Halls	15 - 100
Libraries	50 - 100
Cemeteries	30 - 71
Museums and Art Galleries	100
Other Assets	
Computer Equipment	3 – 20
Motor Vehicles	8 – 26
Office Equipment	3 – 31
Plant and Equipment	3 – 31
Specialised Vehicles	15 – 18

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

1.18. INTANGIBLE ASSETS

1.18.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	**Years**
Computer Software	5 - 19

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined.

1.19. INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	**Years**
Buildings	100

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information
- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23. REVENUE

1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality’s bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.23.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
  - has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms are disclosed.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.29.1 Post retirement medical obligations and Long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.29.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.29.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

1.29.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
  cost as supplied by suppliers.

1.29.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

1.29.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.29.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.29.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.29.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.29.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.29.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

		2014 R	2013 R
2	**NET ASSET RESERVES**		
	Capital Replacement Reserve	5 000 000	5 000 000
	Total Net Asset Reserves	**5 000 000**	**5 000 000**
3	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	17 425 186	20 514 394
	Capitalised Lease Liability - At amortised cost	381 556	172 585
		17 806 742	**20 686 979**
	Current Portion transferred to Current Liabilities	**3 555 370**	**3 250 767**
	Annuity Loans - At amortised cost	3 412 946	3 089 209
	Capitalised Lease Liability - At amortised cost	142 424	161 558
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**14 251 372**	**17 436 212**

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	5 049 481	5 011 687
Payable within two to five years	11 807 311	14 899 280
Payable after five years	7 830 050	9 787 562
	24 686 842	29 698 529
Less: Future finance obligations	(7 261 656)	(9 184 135)
Present value of annuity obligations	**17 425 186**	**20 514 394**

Annuity loans at amortised cost consists out of three loans and is unsecured. Interest is charged at 9.53%, 9.63% and 10.36% respectively. Maturity dates of these loans are respectively 31 March 2016, 30 September 2018 and 31 March 2023.

The obligations under finance leases are scheduled below:	Minimum capitalised lease payments	
Amounts payable under finance leases:		
Payable within one year	176 731	171 507
Payable within two to five years	261 346	11 671
Payable after five years	-	-
	438 077	183 178
Less: Future finance obligations	(56 521)	(10 593)
Present value of lease obligations	**381 556**	**172 585**

Finance Leases at amortised cost have maturity dates that vary from October 2013 to June 2015.

Leases are secured by Property, Plant and Equipment - refer to note 13.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

		2014 R	2013 R
4	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - note 4.1	21 277 982	16 803 141
	Long Service Awards - note 4.2	2 469 292	2 264 227
	Total Non-current Employee Benefit Liabilities	**23 747 274**	**19 067 368**
	Post Retirement Benefits		
	Balance 1 July	17 332 953	17 189 002
	Current service cost	1 249 432	893 006
	Interest Cost	1 520 353	1 338 258
	Benefits payments	(582 853)	(536 674)
	Actuarial Loss/(Gain)	2 362 297	(1 550 639)
	Total post retirement benefits 30 June	**21 882 182**	**17 332 953**
	Less: Transfer of Current Portion - note 7	(604 200)	(529 812)
	Balance 30 June	**21 277 982**	**16 803 141**
	Long Service Awards		
	Balance 1 July	2 463 785	2 182 435
	Current service cost	253 081	309 321
	Interest Cost	177 666	136 720
	Benefits payments	(188 686)	(167 789)
	Actuarial Loss	18 027	3 098
	Total Long Service 30 June	**2 723 873**	**2 463 785**
	Less: Transfer of Current Portion - note 7	(254 581)	(199 558)
	Balance 30 June	**2 469 292**	**2 264 227**
	TOTAL NON-CURRENT EMPOLYEE BENEFITS		
	Balance 1 July	19 796 738	19 371 437
	Current service costs	1 502 513	1 202 327
	Interest cost	1 698 019	1 474 978
	Benefits payments	(771 539)	(704 463)
	Actuarial Loss	2 380 324	(1 547 541)
	Total employee benefits 30 June	**24 606 055**	**19 796 738**
	Less: Transfer of Current Portion - note 7	(858 781)	(729 370)
	Balance 30 June	**23 747 274**	**19 067 368**

		2014 Employees	2013 Employees
4.1	**Post Retirement Benefits**		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	120	116
	In-service (employee) non-members	177	198
	Continuation members (e.g. Retirees, widows, orphans)	21	20
	Total Members	**318**	**334**

	In-Service Members R	In-Service non-Members R	Continuation Members R	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:				
30 June 2014	9 446 832	4 162 874	8 272 476	**21 882 182**
30 June 2013	6 913 999	3 590 225	6 828 729	**17 332 953**
30 June 2012	5 430 224	2 975 000	8 783 778	**17 189 002**
30 June 2011	5 696 104	-	7 349 535	**13 045 639**
30 June 2010	4 172 000	-	6 291 000	**10 463 000**

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2014	1 380 000	-
30 June 2013	(1 497 000)	-
30 June 2012	2 052 000	-
30 June 2011	2 141 000	-
30 June 2010	-	-

The Municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Hosmed
Keyhealth.

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
	9.11	8.90
Discount rate	8.27	7.77
Health Care Cost Inflation Rate	0.77	1.06
Net Effective Discount Rate		

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 61, which then implicitly allows for expected rates of early and ill-health retirement.

	2014 R	2013 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	17 332 953	17 189 002
Total contributions	2 186 932	1 694 590
Current service cost	1 249 432	893 006
Interest Cost	1 520 353	1 338 258
Benefits Paid	(582 853)	(536 674)
Actuarial Loss/(Gain)	2 362 297	(1 550 639)
Present value of fund obligation at the end of the year	21 882 182	17 332 953
Less: Transfer of Current Portion - Note 7	(604 200)	(529 812)
Balance 30 June	**21 277 982**	**16 803 141**

The liability is unfunded.

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members (R)	Continuation members (R)	Total (R)	% Change
Central Assumptions		13 609 706	8 272 476	21 882 182	
Health care inflation	+1%	16 418 000	9 152 000	25 570 000	17%
Health care inflation	-1%	11 333 000	7 511 000	18 844 000	-14%
Discount rate	+1%	11 168 000	7 523 000	18 691 000	-15%
Discount rate	-1%	16 795 000	9 154 000	25 949 000	19%
Post-retirement mortality	-1 year	14 082 000	8 613 000	22 695 000	4%
Average retirement age	-1 year	14 922 000	8 272 000	23 194 000	6%
Continuation of membership after retirement	-10%	11 345 000	8 272 000	19 617 000	-10%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		1 249 432	1 520 353	2 769 785	
Health care inflation	+1%	1 506 800	1 763 800	3 270 600	18%
Health care inflation	-1%	1 035 900	1 318 000	2 353 900	-15%
Post-retirement mortality	-1 year	1 290 500	1 576 900	2 867 400	4%
Average retirement age	-1 year	1 388 600	1 604 500	2 993 100	8%
Withdrawal Rate	-50%	1 465 600	1 639 600	3 105 200	12%

		2014 Employees	2013 Employees
4.2	**Long Service Bonuses**		
	The Long Service Bonus plans are defined benefit plans.		
	As at year end, the following number of employees were eligible for Long Service Bonuses.	297	316

	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:	
30 June 2014	2 723 873
30 June 2013	2 463 785
30 June 2012	2 182 435
30 June 2011	1 842 157
30 June 2010	1 779 258

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2014	86 455	-
30 June 2013	23 087	-
30 June 2012	34 296	-
30 June 2011	38 137	-
30 June 2010	-	-

The Municipality performed their first actuarial valuation on 30 June 2010. Thus there are no experience adjustment figures available on or before 30 June 2010 to fully comply with GRAP 25

Key actuarial assumptions used:	2014 %	2013 %
i) Rate of interest		
Discount rate	8.15%	7.51%
General Salary Inflation (long-term)	7.24%	6.84%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.85%	0.62%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

Reconciliation of present value of fund obligation:	2014 R	2013 R
Present value of fund obligation at the beginning of the year	2 463 785	2 182 435
Total contributions	242 061	278 252
Current service cost	253 081	309 321
Interest Cost	177 666	136 720
Benefits Paid	(188 686)	(167 789)
Actuarial Loss	18 027	3 098
Present value of fund obligation at the end of the year	2 723 873	2 463 785
Less: Transfer of Current Portion - Note 7	(254 581)	(199 558)
Balance 30 June	**2 469 292**	**2 264 227**

The liability is unfunded.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Change	Liability (R)	% Change
General salary inflation	2 723 873	+1%	2 934 000	8%
General salary inflation	2 723 873	-1%	2 536 000	-7%
Discount rate	2 723 873	+1%	2 527 000	-7%
Discount rate	2 723 873	-1%	2 948 000	8%
Average retirement age	2 723 873	-2 years	2 254 000	-17%
Average retirement age	2 723 873	+2 years	3 158 000	16%
Withdrawal rates	2 723 873	-50%	3 376 000	24%

Sensitivity Analysis on the Current-service and Interest Costs

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		253 081	177 666	430 747	
Health care inflation	+1%	278 400	192 200	470 600	9%
Health care inflation	-1%	230 900	164 600	395 500	-8%
Post-retirement mortality	-2 years	219 100	146 200	365 300	-15%
Average retirement age	+2 years	288 600	205 800	494 400	15%
Withdrawal Rate	-50%	360 100	224 400	584 500	36%

		2014 R	2013 R

4.3 Retirement funds

Both the Cape Joint Pension Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of GRAP 25, these multi-employer plans are defined as defined benefit plans. GRAP 25 also states that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in an sound financial position with a funding level of 99.7% (30 June 2012 - 94.4%).

Contributions paid recognised in the Statement of Financial Performance	104 775	112 952

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance	5 421 918	4 796 797

DEFINED CONTRIBUTION FUNDS

Council contribute to the National Fund for Municipal Workers, Municipal Council Pension Fund, and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance		
National Fund for Municipal Workers	385 197	377 121
SAMWU National Provident Fund	982 216	931 916
	1 367 413	**1 309 037**

		2014 R	2013 R
5	**NON-CURRENT PROVISIONS**		
	Provision for Rehabilitation of Landfill-sites	19 662 838	19 248 369
	Total Non-current Provisions	**19 662 838**	**19 248 369**
	Landfill Sites		
	Balance 1 July	19 248 369	17 608 724
	Finance Charges	906 255	796 976
	Addition to Liability	110 298	933 346
	Disposal of Liability	(262 015)	(90 677)
	Decrease in liability portion exceeding carrying value of asset	(340 069)	-
	Total provision 30 June	**19 662 838**	**19 248 369**
	Less: Transfer of Current Portion to Current Provisions - Note 8	-	(6 388 940)
	Balance 30 June	**19 662 838**	**12 859 429**

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the following landfill sites at the end of its useful life:

Location	Site Dimensions	Estimated decommission date	Cost of Rehabilitation 2014	Cost of Rehabilitation 2013
Clanwilliam	33 892m²	2019	5 506 866	5 197 235
Lambert's Bay	21 670m²	2019	4 418 951	4 197 025
Citrusdal	31 000m²	2020	6 417 771	6 109 098
Graafwater	3 063m²	2020	1 953 693	2 191 915
Elands Bay	4 000m²	2019	1 365 557	1 553 096
			19 662 838	**19 248 369**

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

New licenses for the sites were issued in the current year, extending the decommission date. There is therefor no current obligation in the current year to restore the landfill sites within one year after reporting date.

6	**CONSUMER DEPOSITS**		
	Water and Electricity Deposits	1 388 759	1 362 780
	Total Consumer Deposits	**1 388 759**	**1 362 780**

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

7	**CURRENT EMPLOYEE BENEFITS**		
	Provision for Staff Leave	3 963 928	3 801 267
	Provision for Performance Bonuses	-	565 042
	Staff Bonuses Accrued	1 893 443	1 507 548
	Current Portion of Non-Current Employee Benefits	858 781	729 370
	Current Portion of Post Retirement Benefits - note 4	604 200	529 812
	Current Portion of Long Service Provisions - note 4	254 581	199 558
	Total Current Employee Benefits	**6 716 152**	**6 603 227**

		2014 R	2013 R
	The movement in current employee benefits are reconciled as follows:		
	Provision for Staff Leave		
	Balance at beginning of year	3 801 267	3 217 123
	Contribution to current portion	604 457	1 006 968
	Expenditure incurred	(441 796)	(422 824)
	Balance at end of year	**3 963 928**	**3 801 267**
	Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.		
	Provision for Performance Bonuses		
	Balance at beginning of year	565 042	263 410
	Contribution to current portion	(124 277)	527 277
	Expenditure incurred	(440 765)	(225 645)
	Balance at end of year	**-**	**565 042**
	During 2013/14 Council resolved that no performance bonuses will be paid in the future. The Municipal Manager and Directors now received a fixed bonus based on their remuneration. Performance bonuses were being paid to Municipal Manager and Directors after an evaluation of performance by the council.		
	Staff Bonuses Accrued		
	Balance at beginning of year	1 507 548	1 314 760
	Contribution to current portion	1 893 443	1 507 548
	Expenditure incurred	(1 507 548)	(1 314 760)
	Balance at end of year	**1 893 443**	**1 507 548**
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.		
8	**PROVISIONS**		
	Current Portion of Rehabilitation of Landfill-sites - note 5	-	6 388 940
	Total Provisions	**-**	**6 388 940**
9	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	42 062 661	30 652 289
	Pre-paid Electricity	320 434	275 872
	Sundry Creditors	908 549	522 422
	Payments received in advance	1 378 575	1 511 963
	Retentions	5 103 368	4 085 435
	Sundry Deposits	360 417	276 383
	Unknown Receipts	589 724	795 122
	Accrued Interest	347 203	381 795
	Total Payables from Exchange Transactions	**51 070 930**	**38 501 281**
	As previously reported		39 060 480
	Correction of error restatement - note 40.02		(16 748)
	Correction of error restatement - note 40.04		(542 451)
	Restated balance		**38 501 281**
	Payables are being recognised net of any discounts.		
	Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary		
	The carrying value of trade and other payables approximates its fair value.		
	Sundry deposits include hall, builders and housing Deposits.		
	Deposits amounting to R275 453 serve as security for Payables. The remainder of Payables are unsecured.		

		2014 R	2013 R
10	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	1 874 177	877 400
	National Government Grants	1 365 094	329 442
	Provincial Government Grants	509 083	547 958
	Less: Unpaid Grants	412 725	388 570
	National Government Grants	412 725	388 570
	Provincial Government Grants	-	-
	Total Conditional Grants and Receipts	**1 461 452**	**488 830**
	As previously reported		733 160
	Correction of error restatement - note 40.03		(244 330)
	Restated balance		488 830

Refer to Appendix "B" for reconciliation of grants from other spheres of government. The Municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

11	**UNSPENT PUBLIC CONTRIBUTIONS**		
	Lotto Funds - Sport facilities (Elands Bay)	2 409	2 409
	Total Unspent Public Contributions	**2 409**	**2 409**
	Reconciliation of public contributions:		
	Lotto Funds - Sport facilities (Elands Bay)		
	Opening balance	(2 409)	(2 409)
	Conditions met - Transferred to revenue	-	-
	Closing balance	**(2 409)**	**(2 409)**
12	**TAXES**		
	VAT Receivable/(Payable)	(1 315 227)	2 564 758
	VAT Input in Suspense	4 361 859	2 276 888
	VAT Output in Suspense - net	(2 806 622)	(2 573 334)
	VAT Output in Suspense	(3 786 558)	(3 472 622)
	Less: VAT on Provision for Debt Impairment	979 936	899 288
	Net VAT Receivable/(Payable)	**240 010**	**2 268 312**
	As previously reported		2 285 664
	Correction of error restatement - note 40.02		(17 352)
	Restated balance		**2 268 312**

VAT is receivable/payable on the cash basis.

	Reconciliation of VAT on Provision for Debt Impairment		
	Balance at beginning of year	899 288	876 571
	Debt Impairment for current year - note 33	80 648	22 717
	Balance at end of year	**979 936**	**899 288**

13 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2014

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**43 556 739**	**418 621**	**(262 015)**	**-**	**43 713 345**	**8 568 011**	**567 475**	**(16 537)**	**-**	**9 118 950**	**34 594 395**
Land	21 701 451	-	-	-	21 701 451	-	-	-	-	-	21 701 451
Buildings	11 032 934	308 323	-	-	11 341 256	535 730	116 578	-	-	652 308	10 688 948
Capitalised Restoration Costs	10 822 354	110 298	(262 015)	-	10 670 637	8 032 281	450 897	(16 537)	-	8 466 642	2 203 996
Infrastructure	**500 031 134**	**30 300 063**	**(96 219)**	**-**	**530 234 977**	**199 454 673**	**10 156 739**	**-**	**(69 027)**	**209 542 385**	**320 692 592**
Roads, Pavements, Bridges & Storm Water	108 796 821	-	-	873 534	109 670 355	53 133 154	3 164 771	-	-	56 297 925	53 372 430
Water Network	119 950 553	-	(96 219)	1 697 241	121 551 574	52 569 949	2 885 967	-	(69 027)	55 386 888	66 164 686
Electricity Network	129 909 628	-	-	872 304	130 781 932	66 353 067	2 816 027	-	-	69 169 094	61 612 839
Sewerage Network	57 517 306	-	-	7 634 453	65 151 759	27 398 504	1 289 974	-	-	28 688 478	36 463 281
Work in Progress	83 856 826	30 300 063	-	(11 077 532)	103 079 357	-	-	-	-	-	103 079 357
Lease Assets	**593 046**	**421 287**	**(42 450)**	**-**	**971 883**	**227 768**	**113 945**	**-**	**(23 570)**	**318 143**	**653 740**
Office Equipment	593 046	421 287	(42 450)	-	971 883	227 768	113 945	-	(23 570)	318 143	653 740
Community Assets	**41 562 782**	**4 760 896**	**-**	**-**	**46 323 678**	**1 846 272**	**318 131**	**-**	**-**	**2 164 402**	**44 159 276**
Recreational Facilities	33 905 353	419 596	-	-	34 324 949	1 681 812	279 506	-	-	1 961 318	32 363 631
Parks & Gardens	560 038	-	-	-	560 038	1 236	1 653	-	-	2 889	557 149
Community Halls	1 325 581	20 119	-	-	1 345 700	12 481	3 456	-	-	15 937	1 329 763
Libraries	3 372 500	134 148	-	-	3 506 648	121 761	24 811	-	-	146 571	3 360 077
Cemeteries	265 242	162 837	-	-	428 079	1 233	3 150	-	-	4 383	423 696
Museums and Art Galleries	655 500	-	-	-	655 500	27 749	5 555	-	-	33 304	622 196
Work in Progress	1 478 568	4 024 196	-	-	5 502 763	-	-	-	-	-	5 502 763
Other Assets	**31 761 431**	**341 865**	**(5 453 589)**	**-**	**26 649 707**	**9 371 479**	**2 319 370**	**-**	**(2 722 536)**	**8 968 313**	**17 681 393**
Computer Equipment	2 200 734	145 560	(426 238)	-	1 920 056	835 116	303 207	-	(283 176)	855 148	1 064 909
Motor Vehicles	17 185 004	-	(3 689 073)	-	13 495 931	4 916 012	1 009 967	-	(1 803 023)	4 122 956	9 372 975
Office Equipment	4 973 979	89 722	(573 362)	-	4 490 339	1 676 229	432 787	-	(271 588)	1 837 429	2 652 910
Plant & Equipment	5 978 978	106 584	(764 916)	-	5 320 646	1 527 960	517 020	-	(364 750)	1 680 230	3 640 416
Specialised Vehicles	1 422 735	-	-	-	1 422 735	416 163	56 388	-	-	472 551	950 184
	617 505 132	**36 242 732**	**(5 854 274)**	**-**	**647 893 590**	**219 468 204**	**13 475 660**	**(16 537)**	**(2 815 133)**	**230 112 194**	**417 781 396**

The leased property, plant and equipment and the buildings are secured as set out in note 3.

30 JUNE 2013

Reconciliation of Carrying Value	Cost					Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	**42 549 576**	**1 614 029**	**(606 865)**	**-**	**43 556 739**	**7 592 981**	**936 737**	**38 293**	**-**	**8 568 011**	**34 988 728**
Land	21 701 451	600 000	(600 000)	-	21 701 451	-	-	-	-	-	21 701 451
Buildings	10 952 251	80 683	-	-	11 032 934	422 439	113 291	-	-	535 730	10 497 204
Capitalised Restoration Costs	9 895 874	933 346	(6 865)	-	10 822 354	7 170 542	823 446	38 293	-	8 032 281	2 790 073
Infrastructure	**450 512 606**	**49 931 723**	**(413 196)**	**-**	**500 031 134**	**189 939 458**	**9 801 242**	**-**	**(286 026)**	**199 454 673**	**300 576 460**
Roads, Pavements, Bridges & Storm Water	104 153 157	-	-	4 643 664	108 796 821	50 119 627	3 013 527	-	-	53 133 154	55 663 668
Water Network	117 706 549	-	-	2 244 004	119 950 553	49 760 862	2 809 087	-	-	52 569 949	67 380 604
Electricity Network	125 907 116	-	(413 196)	4 415 708	129 909 628	63 903 467	2 735 626	-	(286 026)	66 353 067	63 556 561
Sewerage Network	55 121 720	-	-	2 395 585	57 517 306	26 155 502	1 243 002	-	-	27 398 504	30 118 802
Work in progress	47 624 063	49 931 723	-	(13 698 961)	83 856 826	-	-	-	-	-	83 856 826
Lease Assets	**593 046**	**-**	**-**	**-**	**593 046**	**156 027**	**71 741**		**-**	**227 768**	**365 278**
Office Equipment	593 046	-	-	-	593 046	156 027	71 741	-	-	227 768	365 278
Community Assets	**38 946 560**	**2 616 222**	**-**	**-**	**41 562 782**	**1 549 444**	**296 827**	**-**	**-**	**1 846 272**	**39 716 510**
Recreational Facilities	32 882 088	1 023 265	-	-	33 905 353	1 420 631	261 181	-	-	1 681 812	32 223 541
Parks & Gardens	454 000	106 038	-	-	560 038	-	1 236	-	-	1 236	558 802
Community Halls	1 325 581	-	-	-	1 325 581	9 235	3 246	-	-	12 481	1 313 100
Libraries	3 372 500	-	-	-	3 372 500	97 384	24 376	-	-	121 761	3 250 739
Cemeteries	256 891	8 351	-	-	265 242	-	1 233	-	-	1 233	264 009
Museums and Art Galleries	655 500	-	-	-	655 500	22 194	5 555	-	-	27 749	627 751
Work in progress	-	1 478 568	-	-	1 478 568	-	-	-	-	-	1 478 568
Other Assets	**29 972 942**	**1 927 256**	**(138 767)**	**-**	**31 761 431**	**7 218 346**	**2 173 470**	**-**	**(20 336)**	**9 371 479**	**22 389 951**
Computer Equipment	1 926 527	274 207	-	-	2 200 734	563 465	271 652	-	-	835 116	1 365 618
Motor Vehicles	16 559 653	761 101	(135 750)	-	17 185 004	3 976 339	958 943	-	(19 270)	4 916 012	12 268 992
Office Equipment	4 254 743	719 236	-	-	4 973 979	1 299 204	377 025	-	-	1 676 229	3 297 750
Plant & Equipment	5 809 284	172 711	(3 017)	-	5 978 978	1 019 564	509 462	-	(1 067)	1 527 960	4 451 019
Specialised Vehicles	1 422 735	-	-	-	1 422 735	359 775	56 388	-	-	416 163	1 006 572
	562 574 730	**56 089 230**	**(1 158 828)**	**-**	**617 505 132**	**206 456 256**	**13 280 018**	**38 293**	**(306 362)**	**219 468 204**	**398 036 928**
As previously reported	567 597 335	56 955 888	(745 632)	-	623 807 591	207 673 681	13 734 350	38 293	(20 336)	221 425 988	402 381 603
Correction of error restatement - note 40.04	(5 022 606)	(866 658)	(413 196)	-	(6 302 459)	(1 217 425)	(454 333)	-	(286 026)	(1 957 784)	(4 344 675)
Restated balance	562 574 730	56 089 230	(1 158 828)	-	617 505 132	206 456 256	13 280 018	38 293	(306 362)	219 468 204	398 036 928

		2014 R	2013 R
14	**INVESTMENT PROPERTY**		
	Net Carrying amount at 1 July	**67 942 045**	**67 995 294**
	Cost	68 208 030	68 208 030
	Accumulated Depreciation	(265 985)	(212 736)
	Depreciation for the year	(53 250)	(53 250)
	Net Carrying amount at 30 June	**67 888 795**	**67 942 045**
	Cost	68 208 030	68 208 030
	Accumulated Depreciation	(319 235)	(265 985)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

No operating expenditure was incurred on investment property during the 2013/2014 and 2012/2013 financial year.

15	**INTANGIBLE ASSETS**		
	Net Carrying amount at 1 July	**303 370**	**360 310**
	Cost	396 463	390 187
	As previously reported		750 075
	Correction of error restatement - note 40.05		(359 888)
	Accumulated Amortisation	(93 093)	(29 877)
	As previously reported		(64 646)
	Correction of error restatement - note 40.05		34 770
	Additions	-	6 276
	Amortisation Charge	(63 563)	(63 216)
	As previously reported		(130 401)
	Correction of error restatement - note 40.05		67 185
	Net Carrying amount at 30 June	**239 807**	**303 370**
	Cost	396 463	396 463
	Accumulated Amortisation	(156 656)	(93 093)

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

16	**INVENTORY**		
	Maintenance Materials - at cost	1 401 074	1 195 794
	Water – at cost	94 759	73 048
	Land held for sale	1 286 260	1 613 060
	Total Inventory	**2 782 092**	**2 881 902**
	Consumable stores materials surpluses/(losses) identified during the annual stores counts	324	(1 055)
	Inventory recognised as an expense during the year	1 497 193	2 267 914

		2014 R	2013 R
17	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity	13 388 946	13 512 678
	Water	11 935 210	9 887 281
	Refuse	4 082 416	3 673 463
	Sewerage	6 598 003	6 353 554
	Loan Instalments	44 355	45 632
	Other	979 892	557 728
	Total Receivables from Exchange Transactions	**37 028 823**	**34 030 336**
	Less: Allowance for Doubtful Debts	(10 963 122)	(9 688 978)
	Total Net Receivables from Exchange Transactions	**26 065 700**	**24 341 359**
	As previously reported		24 765 851
	Correction of error restatement - note 40.06		(424 492)
	Restated balance		24 341 359

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	9 688 978	9 514 653
Contribution to provision	4 050 309	1 711 355
Bad Debts Written Off	(2 776 165)	(1 537 030)
Balance at end of year	**10 963 122**	**9 688 978**

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

	Gross Balance R	Allowance for Doubtful Debts R	Net balance R
2014			
Electricity	13 388 946	(3 145 103)	10 243 843
Water	11 935 210	(3 710 146)	8 225 064
Refuse	4 082 416	(1 050 962)	3 031 454
Sewerage	6 598 003	(2 373 741)	4 224 262
Loan Instalments	44 355	(33 014)	11 341
Other	979 892	(650 157)	329 735
Total	**37 028 823**	**(10 963 122)**	**26 065 700**
2013			
Electricity	13 512 678	(2 572 910)	10 939 768
Water	9 887 281	(3 278 287)	6 608 994
Refuse	3 673 463	(1 035 059)	2 638 404
Sewerage	6 353 554	(2 362 497)	3 991 056
Loan Instalments	45 632	(43 592)	2 040
Other	557 728	(396 632)	161 096
Total	**34 030 336**	**(9 688 978)**	**24 341 359**

	2014 R	2013 R
Ageing of Receivables from Exchange Transactions:		
Electricity:		
Current (0 - 30 days)	5 174 651	4 752 346
31 - 60 Days	1 050 635	1 357 385
61 - 90 Days	643 521	790 630
+ 90 Days	6 520 139	6 612 316
Total	**13 388 946**	**13 512 678**
Water:		
Current (0 - 30 days)	1 961 540	1 418 483
31 - 60 Days	811 704	634 256
61 - 90 Days	598 745	554 098
+ 90 Days	8 563 221	7 280 444
Total	**11 935 210**	**9 887 281**
Refuse:		
Current (0 - 30 days)	485 362	307 370
31 - 60 Days	262 167	179 423
61 - 90 Days	214 898	138 847
+ 90 Days	3 119 989	3 047 824
Total	**4 082 416**	**3 673 463**
Sewerage:		
Current (0 - 30 days)	798 601	461 627
31 - 60 Days	331 278	323 172
61 - 90 Days	274 242	225 320
+ 90 Days	5 193 883	5 343 434
Total	**6 598 003**	**6 353 554**
Other:		
Current (0 - 30 days)	70 555	35 287
31 - 60 Days	109 570	56 966
61 - 90 Days	138 293	19 972
+ 90 Days	661 474	445 502
Total	**979 892**	**557 728**
Loan Instalments:		
Current (0 - 30 days)	367	348
31 - 60 Days	391	398
61 - 90 Days	376	343
+ 90 Days	43 221	44 544
Total	**44 355**	**45 632**
Total:		
Current (0 - 30 days)	8 491 076	6 975 461
31 - 60 Days	2 565 745	2 551 601
61 - 90 Days	1 870 076	1 729 210
+ 90 Days	24 101 926	22 774 064
Total	**37 028 823**	**34 030 336**

		2014 R	2013 R
18	**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**		
	Rates	20 201 372	18 462 472
	Traffic Fines	1 739 150	350 891
	Other Receivables	2 543 161	2 086 504
	Suspense Debtors	2 267 708	1 811 051
	Deposits	275 453	275 453
	Total Receivables from Non-Exchange Transactions	**24 483 683**	**20 899 866**
	Less: Allowance for Doubtful Debts	(13 074 163)	(12 343 849)
	Total Net Receivables from Non-Exchange Transactions	**11 409 520**	**8 556 018**
	As previously reported		10 830 904
	Correction of error restatement - note 40.07		(2 274 886)
	Restated balance		**8 556 018**

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Due to the prospective application of the revised IGRAP 1, the Municipality raised a receivable as well as an impairment charge on unpaid fines in the current year.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	12 343 849	10 701 811
Contribution to provision	1 273 689	1 642 038
Bad Debts Written Off	(543 375)	-
Balance at end of year	**13 074 163**	**12 343 849**

Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.

	Gross Balance R	Allowance for Doubtful Debts R	Net balance R
2014			
Rates	20 201 372	(11 767 972)	8 433 400
Traffic Fines	1 739 150	(1 306 191)	432 959
Other Receivables	2 543 161	-	2 543 161
Total	**24 483 683**	**(13 074 163)**	**11 409 520**
2013			
Rates	18 462 472	(12 343 849)	6 118 623
Traffic Fines	350 891	-	350 891
Other Receivables	2 086 504	-	2 086 504
Total	**20 899 866**	**(12 343 849)**	**8 556 018**

Ageing of Receivables from Non-Exchange Transactions

Rates:

Current (0 - 30 days)	2 194 924	3 289 902
31 - 60 Days	1 052 847	1 129 199
61 - 90 Days	888 593	855 236
+ 90 Days	16 065 007	13 188 135
Total	**20 201 372**	**18 462 472**

Traffic Fines:

Current (0 - 30 days)	52 182	10 479
31 - 60 Days	52 182	10 479
61 - 90 Days	52 182	10 479
+ 90 Days	1 582 604	319 453
Total	**1 739 150**	**350 891**

		2014 R	2013 R
	Other Receivables:		
	Current (0 - 30 days)	-	-
	31 - 60 Days	-	-
	61 - 90 Days	-	-
	+ 90 Days	2 543 161	2 086 504
	Total	**2 543 161**	**2 086 504**
	Total:		
	Current (0 - 30 days)	2 247 106	3 300 381
	31 - 60 Days	1 105 029	1 139 678
	61 - 90 Days	940 775	865 715
	+ 90 Days	20 190 772	15 594 092
	Total	**24 483 683**	**20 899 866**

19 OPERATING LEASE ARRANGEMENTS

19.1 The Municipality as Lessee (Liability)

Balance on 1 July	14 410	8 206
Movement during the year	4 007	6 205
Balance on 30 June	**18 417**	**14 410**

At the Statement of Financial Position date, where the Municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	236 712	218 020
1 to 5 Years	42 350	279 062
More than 5 Years	-	-
Total Operating Lease Arrangements	**279 062**	**497 082**

Operating leases consist out of two leases. Both leases are for a period of 36 months and the contracts lapse on 30 June 2015 and 31 January 2016 respectively. The lease payments escalate at a rate of 10% per annum. Renewal of the leases at the end of the term are available.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not pay any contingent rent during the year.

19.2 The Municipality as Lessor (Asset)

Balance on 1 July	61 090	68 372
Movement during the year	(15 965)	(7 282)
Balance on 30 June	**45 125**	**61 090**

At the Statement of Financial Position date, where the Municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	101 739	116 255
1 to 5 Years	72 835	174 537
More than 5 Years	-	-
Total Operating Lease Arrangements	**174 573**	**290 792**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out to 2 different lessors (2013 - 6 lessors) for periods ranging from 2006 until 2016. Escalation between 8 and 10% are applicable on the leases. The renewal option after lapsing of the contracts are available.

The Municipality does not engage in any sub-lease arrangements.

The Municipality did not receive any contingent rent during the year

		2014 R	2013 R
20	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	1 270 580	5 000 000
	Bank Accounts	2 328 930	1 669 538
	Cash Floats	7 230	6 230
	Total Cash and Cash Equivalents - Assets	**3 606 741**	**6 675 768**
	Cash and cash equivalents comprise of cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
	No bank overdraft and/or borrowing facility arrangement exists.		
	Detail of the Bank Accounts (Cash book balances) are as follow:		
	Cash book balance at beginning of year	1 669 538	5 873 744
	Cash book balance at end of year	2 328 930	1 669 538
	The cash book (primary bank account) consists out of the following accounts:		
	ABSA - Account number 40-5357-8397 (Current Account)		
	Bank statement balance at beginning of year	695 113	4 978 596
	Bank statement balance at end of year	1 601 629	695 113
	ABSA - Account number 40-7639-1003 (Traffic Account)		
	Bank statement balance at beginning of year	-	-
	Bank statement balance at end of year	-	-
	ABSA - Account number 40-7639-1273 (Service Account)		
	Bank statement balance at beginning of year	-	-
	Bank statement balance at end of year	-	-
	ABSA - Account number 40-7873-7035 (Elands Bay Fish Factory Account)		
	Bank statement balance at beginning of year	97 391	100 394
	Bank statement balance at end of year	5 088	97 391
	Summary of all bank accounts		
	Bank statement balance at beginning of year	792 504	5 078 990
	Bank statement balance at end of year	1 606 716	792 504
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	ABSA - Acc no 9282399664	1 270 580	5 000 000
		1 270 580	**5 000 000**

		2014 R	2013 R
21	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings	43 143 253	39 225 112
	Less: Rebates	(16 283 934)	(13 502 945)
	Total Assessment Rates	**26 859 319**	**25 722 167**
	As previously reported		27 130 111
	Correction of error restatement - note 40.07		(1 407 944)
	Restated balance		**25 722 167**
	Valuations - 1 JULY 2013		
	Rateable Land and Buildings		
	General	4 231 377 386	4 245 504 126
	Total Assessment Rates	**4 231 377 386**	**4 245 504 126**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Intrim valuations are processed on an annual basis to include changes in property values and subdivisions.

Rates:		
General Valuation	0.932c/R	0.932c/R

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22	**OTHER TAXES**		
	Infrastructure Levy	3 331 024	1 633 669
	Total Other Taxes	**3 331 024**	**1 633 669**

The infrastructure levy is a fixed levy on residential and commercial property. This levy is used for maintaining and extending infrastructure.

23	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants	**28 190 415**	**26 014 957**
	Equitable Share	28 188 000	26 013 000
	Provincial Health Subsidy	2 415	1 957
	Conditional Grants	**55 297 835**	**54 213 213**
	Financial Management Grant (FMG)	1 300 000	1 250 000
	Municipal Systems Improvement Grant (MSIG)	890 000	809 037
	Municipal Infrastructure Grant (MIG)	8 623 000	15 534 440
	Human Settlement Development Grant	-	3 560 381
	Integrated National Electrification Programme	7 134 906	5 141 403
	Regional Bulk Infrastructure Grant (RBIG)	18 169 192	20 529 442
	Library Services MRF	2 927 000	2 788 000
	Marine Living Resources Fund	12 269 483	48 152
	Financial Management Support Grant	467 193	66 895
	Other Grants	3 517 061	4 485 463
	Total Government Grants and Subsidies	**83 488 250**	**80 228 170**
	Government Grants and Subsidies - Operating	50 220 121	34 068 653
	Government Grants and Subsidies - Capital	33 268 129	46 159 517
	Total Government Grants and Subsidies	**83 488 250**	**80 228 170**

	2014 R	2013 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	28 188 000	26 013 000
Office of the Municipal Manager	-	-
Financial Services	1 300 000	1 316 895
Community Development Services	17 527 660	11 131 678
Corporate and Strategic Services	467 193	279 312
Engineering and Planning Services	36 005 397	41 487 285
	83 488 250	**80 228 170**

The Municipality does not expect any significant changes to the level of grants.

23.01 Equitable share

Opening balance	-	-
Grants received	28 188 000	26 013 000
Conditions met - Operating	(28 188 000)	(26 013 000)
Conditions met - Capital	-	-
Paid back to Treasury	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Municipality by the National Treasury.

23.02 Provincial Health Subsidy

Opening balance	-	-
Grants received	2 415	1 957
Conditions met - Operating	(2 415)	(1 957)
Conditions met - Capital	-	-
Paid back to Treasury	-	-
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

Health subsidies was used fund primary health care services in the municipal area.

23.03 Financial Management Grant (FMG)

Opening balance	-	-
Grants received	1 300 000	1 250 000
Conditions met - Operating	(1 300 000)	(1 250 000)
Conditions met - Capital	-	-
Paid back to Treasury	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

23.04 Municipal Systems Improvement Grant (MSIG)

Opening balance	-	42 848
Grants received	890 000	800 000
Conditions met - Operating	(866 202)	(809 037)
Conditions met - Capital	(23 798)	-
Paid back to Treasury	-	(33 811)
Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

		2014 R	2013 R
23.05	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	-	(9 560)
	Grants received	8 623 000	15 544 000
	Conditions met - Operating	(847 767)	-
	Conditions met - Capital	(7 775 233)	(15 534 440)
	Paid back to Treasury	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
23.06	**Human Settlement Development Grant**		
	Opening balance	-	606 786
	Grants received	-	2 953 595
	Conditions met - Operating	-	-
	Conditions met - Capital	-	(3 560 381)
		-	-
	Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**
	Housing grants was utilised for the development of erven and the erection of top structures.		
23.07	**Integrated National Electrification Programme**		
	Opening balance	158 597	-
	Grants received	8 500 000	5 300 000
	Conditions met - Operating	-	-
	Conditions met - Capital	(7 134 906)	(5 141 403)
	Paid back to Treasury	(158 597)	-
	Conditions still to be met/(Grant expenditure to be recovered)	**1 365 094**	**158 597**
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
23.08	**Regional Bulk Infrastructure Grant (RBIG)**		
	Opening balance	-	366 931
	Grants received	18 169 192	20 162 511
	Conditions met - Operating	-	-
	Conditions met - Capital	(18 169 192)	(20 529 442)
	Paid back to Treasury	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**
	The Regional Bulk Infrastructure Grant is used for the upgrade water infrastructure.		
23.09	**Library Services MRF**		
	Opening balance	-	-
	Grants received	2 927 000	2 788 000
	Conditions met - Operating	(2 927 000)	(2 788 000)
	Conditions met - Capital	-	-
	Paid back to Treasury	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	**-**	**-**
	The Library Services (Municipal Replacement Fund) Grant is used to pay the salaries of library staff.		
23.10	**Marine Living Resources Fund**		
	Opening balance	-	48 152
	Grants received	12 269 483	-
	Conditions met - Operating	(12 269 483)	(48 152)
	Conditions met - Capital	-	-
	Paid back to Treasury	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	-	-
	Marine Living Resource Fund is used for the Elands Bay fishing infrastructure implementation plan.		

		2014 R	2013 R
23.11	**Financial Management Support Grant**		
	Opening balance	185 669	52 564
	Grants received	400 000	200 000
	Conditions met - Operating	(467 193)	(66 895)
	Conditions met - Capital	-	-
	Paid back to Treasury	-	-
	Conditions still to be met/(Grant expenditure to be recovered)	**118 476**	**185 669**

The Financial Management Grant is paid by Provincial Treasury to municipalities to help implement revenue enhancement.

23.12	**Other Grants**		
	Opening balance	144 564	(86 087)
	Grants received	3 545 379	4 716 113
	Conditions met - Operating	(3 352 061)	(3 091 612)
	Conditions met - Capital	(165 000)	(1 393 851)
	Paid back to Treasury	(195 000)	-
	Conditions still to be met/(Grant expenditure to be recovered)	**(22 118)**	**144 563**

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

23.13	**Total Grants**		
	Opening balance	488 830	1 021 635
	Grants received	84 814 469	79 729 177
	Conditions met - Operating	(50 220 121)	(34 068 653)
	Conditions met - Capital	(33 268 129)	(46 159 517)
	Paid back to Treasury	(353 597)	(33 811)
	Conditions still to be met/(Grant expenditure to be recovered)	**1 461 451**	**488 830**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	1 874 177	877 400
	Unpaid Conditional Government Grants and Receipts	(412 726)	(388 570)
		1 461 451	**488 830**

24	**FINES**		
	Traffic Fines	2 570 130	2 082 577
	Library fines	14 165	12 774
	Meter tampering fines	5 947	1 844
	Total Fines	**2 590 243**	**2 097 195**
	As previously reported		1 746 304
	Correction of error restatement - note 40.07		350 891
	Restated balance		2 097 195

Due to the prospective application of the revised IGRAP 1, the Municipality raised a receivable as well as an impairment charge on unpaid fines in the current year. This also resulted in a significant increase in fines revenue recognised in the Statement of Financial Performance when compared to the comparative year.

25	**TRANSFER OF ASSETS**		
	Property, Plant and Equipment received from the Department of Housing	-	6 364 070
	Total Transfer of Assets	**-**	**6 364 070**

		2014 R	2013 R
26	**ACTUARIAL (GAINS)/LOSSES**		
	Post Retirement Benefits - note 4.1	2 362 297	(1 550 639)
	Long Service Bonuses - note 4.2	18 027	3 098
	Total Actuarial (Gains)/Losses	**2 380 324**	**(1 547 541)**
27	**SERVICE CHARGES**		
	Electricity	58 435 388	53 646 593
	Water	11 209 962	10 480 877
	Refuse removal	4 886 942	4 462 170
	Sewerage and Sanitation Charges	7 877 840	7 112 248
		82 410 133	75 701 888
	Less: Rebates	(3 541 251)	(4 916 809)
	Total Service Charges	**78 868 882**	**70 785 079**
	As previously reported		70 934 331
	Correction of error restatement - note 40.06		(149 252)
	Restated balance		70 785 079
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Resort and camping fees	2 524 673	2 576 296
	Other rentals	293 345	249 312
	Total Rental of Facilities and Equipment	**2 818 018**	**2 825 608**
	Other rentals include the rental of halls, sports facilities, hawkers stands, buildings, slipways and other diverse items.		
29	**LICENCES AND PERMITS**		
	Drivers Licence Applications	151 735	130 327
	Drivers Licences Issued	238 796	254 757
	Duplicate Registration Certificates	44 715	37 158
	Keeping of Registration Number	12 280	11 750
	Learner Licence Applications	85 161	80 782
	Learner Licences Issued	22 734	20 011
	Professional Drivers Permit Applications	57 131	54 497
	Professional Drivers Permits Issued	20 728	20 784
	Roadworthy Certificate Applications	192 810	162 823
	Roadworthy Certificates Issued	39 166	33 343
	Temporary and special permits	12 018	12 379
	Total Licences and Permits	**877 274**	**818 611**
30	**OTHER INCOME**		
	Building Plan Fees	321 299	253 682
	Sundry Income	292 877	228 153
	Cemetery Fees	87 912	101 920
	Rates clearance certificates	26 534	13 856
	Connection Fees	206 291	234 026
	Re-connection Fees	10 923	10 390
	Copies and Faxes	25 726	26 009
	Profit with sale of land held for sale	119 996	16 467
	SETA Recoveries	55 254	301 036
	Settlement Discounts	91 786	108 026
	Valuation Certificates	15 665	12 553
	Tender Documents	51 381	15 167
	Unknown receipts recognised as income	391 074	290 612
	Decrease in liability portion exceeding carrying value of asset	340 069	-
	Total Other Income	**2 036 788**	**1 611 897**
	Sundry income represents sundry income such as sale of sundry items (wood, sand and stones) and fees for items not included under service charges		

		2014 R	2013 R
31	**EMPLOYEE RELATED COSTS**		
	Bargaining Council Levy	22 520	20 968
	Bonuses	3 074 206	2 543 645
	Contribution to current employee benefits - Staff Leave - note 7	604 457	1 006 968
	Contribution to current employee benefits - Performance Bonuses - note 7	(124 277)	527 277
	Contribution to non-current employee benefits - Long Service Awards - note 4	253 081	309 321
	Contribution to non-current employee benefits - Post Retirement Medical - note 4	1 249 432	893 006
	Contributions for UIF, pensions and medical aids	8 894 359	7 864 568
	Group Life Insurance	778 602	712 454
	Housing Subsidy	220 083	229 744
	Overtime	2 425 865	1 918 356
	Salaries and Wages	38 792 893	37 355 489
	SDL Contributions	482 017	443 326
	Travel, motor car, telephone, assistance and other allowances	4 853 505	4 022 196
	Workmen's Compensation	415 901	383 073
	Total Employee Related Costs	**61 942 645**	**58 230 391**
	MANAGEMENT PERSONNEL		
	The Municipal Manager and Directors are appointed on a 5-year fixed contract.		
	REMUNERATION OF MANAGEMENT PERSONNEL		
	Municipal Manager - I.B.R Kenned		
	Annual Remuneration	1 139 905	1 048 060
	Performance Bonus / 13th Cheque	118 981	83 895
	Car Allowance	120 000	137 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	184 018	140 989
	Total	**1 562 904**	**1 409 944**
	Director: Engineering Services - P Majeni		
	Annual Remuneration	656 719	590 236
	Performance Bonus / 13th Cheque	80 446	18 900
	Housing Allowance	72 000	72 000
	Car Allowance	120 780	120 780
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	128 760	113 013
	Total	**1 058 705**	**914 929**
	Director: Corporate Services - W.G.D October		
	Annual Remuneration	679 486	613 578
	Performance Bonus / 13th Cheque	80 446	66 150
	Car Allowance	150 000	130 000
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	148 652	151 048
	Total	**1 058 585**	**960 776**
	Director: Community Services - J France		
	Annual Remuneration	718 397	659 456
	Performance Bonus / 13th Cheque	80 446	37 800
	Car Allowance	120 000	130 000
	Acting Allowance	17 462	-
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	139 889	106 947
	Total	**1 076 194**	**934 204**
	Director: Finance - E Alfred		
	Annual Remuneration	701 956	637 758
	Performance Bonus / 13th Cheque	80 446	18 900
	Car Allowance	120 000	120 000
	Acting Allowance	6 325	5 210
	Contributions to UIF, Medical, Pension Funds and Bargaining Council	156 260	139 182
	Total	**1 064 988**	**921 050**

		2014 R	2013 R
32	**REMUNERATION OF COUNCILLORS**		
	Executive Mayor - L Scheepers (appointed 20 August 2013)	572 793	-
	Executive Mayor - R J White (terminated 6 June 2013)	-	540 288
	Deputy Mayor - C September (appointed 20 August 2013)	440 864	-
	Deputy Mayor - L Scheepers (terminated 20 August 2013)	77 146	463 463
	Speaker	540 590	465 240
	Mayoral Committee Members	917 347	887 031
	Councillors	1 498 234	1 100 578
	Total Councillors' Remuneration	**4 046 974**	**3 456 600**

In-kind Benefits

The Executive Mayor, Deputy Mayor, Speaker and Mayoral committee Members serve in a full-time capacity. They are provided with secretarial support and office accommodation at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties

33	**DEBT IMPAIRMENT**		
	Trade Receivables from exchange transactions - note 17	4 050 309	1 711 355
	Trade Receivables from non-exchange transactions - note 18	1 273 689	1 642 038
	Total Contribution to Impairment Provision	**5 323 998**	**3 353 393**
	Less: Portion Relating to VAT - note 12	(80 648)	(22 717)
	Total Debt Impairment	**5 243 350**	**3 330 677**
34	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	13 475 660	13 280 018
	Investment Property	53 250	53 250
	Intangible Assets	63 563	63 216
	Total Depreciation and Amortisation	**13 592 473**	**13 396 483**
	As previously reported		13 918 001
	Correction of error restatement - note 40.04		(454 333)
	Correction of error restatement - note 40.05		(67 185)
	Restated balance		13 396 483
35	**IMPAIRMENTS / (REVERSAL OF IMPAIRMENTS)**		
	Property, Plant and Equipment	(16 537)	38 293
	Total Impairments	**(16 537)**	**38 293**

The impairments relate to the capitalised restoration costs. The impairment was caused by the change in the discount rate which is linked to the prime rate.

36	**FINANCE CHARGES**		
	Long-term Liabilities	1 949 365	1 341 901
	Finance leases	27 966	34 947
	Non-Current Employee Benefits - Post Retirement Benefits	1 520 353	1 338 258
	Non-Current Employee Benefits - Long Service Awards	177 666	136 720
	Non-Current Provisions - Rehabilitation of Landfill Sites	906 255	796 976
	Other	228 531	7 522
	Total Finance Charges	**4 810 137**	**3 656 324**
	As previously reported		3 649 209
	Correction of error restatement - note 40.02		7 115
	Restated balance		3 656 324

		2014 R	2013 R
37	**BULK PURCHASES**		
	Electricity	55 503 095	49 855 433
	Water	516 817	389 845
	Total Bulk Purchases	**56 019 912**	**50 245 278**
	As previously reported		50 436 181
	Correction of error restatement - note 40.02		(190 903)
	Restated balance		**50 245 278**

Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWAF and a number of private suppliers.

38	**OPERATING GRANT EXPENDITURE**		
	Office of the Municipal Manager	-	-
	Financial Services	1 305 775	1 318 108
	Community Development Services	16 022 174	5 264 068
	Corporate and Strategic Services	409 819	321 653
	Engineering and Planning Services	1 134 723	1 081 449
	Total Operating Grant Expenditure	**18 872 490**	**7 985 278**
39	**GENERAL EXPENSES**		
	Advertising	111 300	131 874
	Asset Stocktake	10 157	69 624
	Audit Fees	3 016 704	3 363 226
	Bank Charges	440 774	329 928
	Chemicals	322 447	291 583
	Cleaning Materials	89 445	99 368
	Commission paid	783 110	770 739
	Connection Materials	79 785	113 797
	Consulting Fees	4 325 742	6 073 740
	Entertainment	97 801	194 123
	Fine collections	355 342	642 583
	Fuel and Oil	2 666 185	2 559 706
	Insurance	606 411	511 812
	Insurance claims	205 522	183 704
	Legal Fees	2 912 026	2 363 898
	Licences	151 197	159 810
	Licences Software	1 501 627	1 459 118
	Membership Fees	590 025	158 866
	Postal Fees	169 563	186 655
	Printing and Stationary	655 759	643 348
	Protective clothing	189 533	154 508
	Sample Tests	374 758	93 474
	Security	1 618 878	1 363 830
	Special Programmes	847 923	1 347 526
	Telephone	1 902 753	1 843 703
	Tourism	613 736	725 050
	Training	434 551	775 694
	Travelling and Subsistence	1 187 301	1 090 235
	Valuations	400 035	857 980
	Vehicle Licences	131 585	126 874
	Other Expenditure	1 323 661	2 250 899
	Total General Expenses	**28 115 637**	**30 937 275**
	As previously reported		30 891 985
	Correction of error restatement - note 40.02		45 290
	Restated balance		**30 937 275**

Special Programmes include poverty relief programmes, celebration of national holidays, public participation, ward based community programmes and other projects funded from own revenue.

		2013 R
40	**CORRECTION OF ERROR IN TERMS OF GRAP 3**	
40.01	**Accumulated Surplus**	
	Payables from Exchange Transactions - note 40.02	(117 435)
	Unspent Conditional Government Grants and Receipts - note 40.03	244 330
	Receivables from Exchange Transactions - note 40.06	(268 566)
	Property, Plant and Equipment - note 40.04	(3 805 180)
	Intangible Assets - note 40.05	(325 118)
	Receivables from Non-Exchange Transactions - note 40.07	(1 099 318)
	Total adjustments	**(5 371 287)**

40.02 Payables from Exchange Transactions

The following correction of errors were made with regards to Payables from Exchange Transactions:

- Bulk water purchases amounting to R190 902.95 (excluding VAT) was accrued for on 30 June 2012. However, when the invoice was paid during 2012/13, it was paid directly to the expenditure account of bulk purchases and not the trade payables account. Accordinly, both Payables from Exchange Transactions and Bulk Purchases are overstated.
- One invoice amounting to R21 666.55 (excluding VAT) was not included as a stock purchase. This resulted that a stock adjustment gain was recorded in the 2012/13 financial year. Accordinly, Payables from Exchange Transactions is understated and Stock Ajustments is overstated.
- General Expenses amounting to R45 290.38 (excluding VAT) was not accrued for on 30 June 2013. Accordingly, both General Expenses and Payables from Exchange Transactions were understated.
- SARS issued an assessment in the current year relating to outstanding PAYE, UIF and SDL for years ranging from 2003 to 2012. The total of the assessment as on 30 June 2013 amounts to R124 549.83. Accordingly, Payables from Exchange Transactions were understated, while Finance Charges and Accumulated Surplus were overstated.

Refer to Payables from Exchange Transactions - note 9	16 748
Refer to Taxes - note 12	(17 352)
Refer to Finance Charges - note 36	7 115
Refer to Bulk Purchases - note 37	(190 903)
Refer to General Expenses - note 39	45 290
Refer to Accumulated Surplus - note 40.01	117 435
Refer to Statement of Financial Performance - Stock Adjustments - note 40.08	21 667

40.03 Unspent Conditional Government Grants and Receipts

An exercise was undertaken to determine whether old unspent conditional grant monies were still valid. The projects were inspected and found to be completed. In addition, Provincial Treasury also did not require the repayment of unspent monies. The unspent portion is therefore considered to be spent in full. Accordingly, Unspent Conditional Grants and Receipts was overstated while Accumulated Surplus was understated.

Refer to Unspent Conditional Grants and Receipts - note 10	244 330
Accumulated Surplus - note 40.01	(244 330)

		2013 R
40.04	**Property, Plant and Equipment**	
	The following errors were noted on Property, Plant and Equipment:	
	- Retentions were overstated by R542 451 during 2012/13. Accordingly, both Work in Progress and Payables from Exchange Transactions were overstated.	
	- Other Assets included duplication with a book value of R235 689 which was removed from the asset register. In addition, Other Assets previously not included in the asset register had a book valu of R336 525. The net effect was that Other Assets, Depreciation and Accumulated Surplus was understated.	
	- The following corrections were made on infrastructure assets:	
	- Repairs and Maintenance amounting to R324 206 were incorrectly included in work in progress.	
	- Assets with a book value of R127 170 were replace in the previous year, but was not removed from the asset register.	
	- Duplications with a cost price of R5 130 881 was removed from the asset register.	
	- Assets with a cost price of R73 917 were not included in the previous year's asset register.	
	- Accumulated depreciation and was also adjusted to take into account the above-mentioned adjustments and also to rectify where incorrect estimated useful lives were allocated to assets.	
	Refer to Payables from Exchange Transactions - note 9	542 451
	Refer to Property, Plant and Equipment (Cost - Opening Balance) - note 13	(5 022 606)
	Refer to Property, Plant and Equipment (Cost - Additions) - note 13	(866 658)
	Refer to Property, Plant and Equipment (Cost - Disposal) - note 13	(413 196)
	Refer to Property, Plant and Equipment (Accumulated Depreciation - Opening Balance) - note 13	1 217 425
	Refer to Property, Plant and Equipment (Accumulated Depreciation - Depreciation Charge) - note 13	454 333
	Refer to Property, Plant and Equipment (Accumulated Depreciation - Disposal) - note 13	286 026
	Refer to Depreciation and Amortisation - note 34	(454 333)
	Refer to Statement of Financial Performance - Repairs and Maintence - note 40.08	324 207
	Refer to Statement of Financial Performance - Loss on Disposal of Property, Plant and Equipment - note 40.08	127 170
	Refer to Accumulated Surplus - note 40.01	3 805 180
40.05	**Intangible Assets**	
	In the current year it was noted that invalid Intangible Assets with a book value of R125 623 were included in the asset register. In addition, it was also noted that Intangible Assets with a book value of R23 668 was not included in the asset register. Accordingly, Intangible Assets, Amortisation and Accumulated Surplus were overstated	
	Refer to Intangible Assets (Cost - Opening Balance) - note 15	(359 888)
	Refer to Intangible Assets (Cost - Accumulated Amortisation - Opening Balance) - note 15	34 770
	Refer to Intangible Assets (Cost - Accumulated Amortisation - Amortisation Charge) - note 15	67 185
	Refer to Depreciation and Amortisation - note 34	(67 185)
	Refer to Accumulated Surplus - note 40.01	325 118
40.06	**Receivables from Exchange Transactions**	
	Various errors were corrected relating to service charges. Errors mainly related to incorrect billing, and the interest associated with the incorrect billing was also reversed. Accordingly, both Service Charges and Receivables from Exchange Transactions were overstated.	
	Refer to Receivables from Exchange Transactions - note 17	(424 492)
	Refer to Service Charges - note 27	149 252
	Refer to Accumulated Surplus - note 40.01	268 566
	Refer to Interest earned - outstanding debtors - note 40.08	6 675

		2013 R
40.07	**Receivables from Non-Exchange Transactions**	
	The following correction of errors were made with regards to Receivables from Non-Exchange Transactions:	
	- Pre-paid expenditure relating to license fees and amounting to R122 204.14 was created on 30 June 2011. The pre-paid expenditure was never expensed during 2011/12 and subsequently the balance remained in the general ledger. Accordingly, both Accumulated Surplus and Receivables from Exchange Transactions were overstated.	
	- In the prior year an interim valuation was performed which should have been implemented from 1 July 2013. However, when the implementation was done, property rates were retrospectively charged for from 1 July 2012 to 30 June 2013. Accordingly, Receivables from Non-Exchange Transactions and Property Rates were overstated by R760 227.00	
	- Property rate rebates amounting to R1 305 105 were not awarded to qualifying home owners of private towns. The home owners refused to pay the property ratess as they started the regulatory process since 2008 and as such interest was charged on these accounts amounting to R281 568. In the current year the rebates was granted retrospectively and the interest was reversed. Accordingly, Property Rates, Interest Earned - outstanding debtors, Accumulated Surplus and Receivables from Non-Exchange Transactions were overstated	
	- Other various adjustments were also made to property rates and interest, totalling to an amount of R160 108 whereby Receivables from Exchange Transactions were overstated.	
	- No provision for traffic fine debtors were made in the prior year. This provision relates to traffic fines issued during 2012/13, but only paid during 2013/14. Accordingly, both Receivables from Exchange Transactions and Fines were understated by R350 891.	
	Refer to Receivables from Exchange Transactions - note 18	(2 274 886)
	Refer to Property Rates - notes 21	1 407 944
	Refer to Fines - note 24	(350 891)
	Refer to Accumulated Surplus - note 40.01	1 099 318
	Refer to Statement of Financial Performance - Interest Earned - outstanding debtors - note 40.08	118 515
40.08	**Statement of Financial Performance**	
	Stock Adjustments	1 056
	As previously reported	(20 611)
	Correction of error restatement - note 40.02	21 667
	Interest Earned - outstanding debtors	(2 586 490)
	As previously reported	(2 711 680)
	Correction of error restatement - note 40.06	6 675
	Correction of error restatement - note 40.07	118 515
	Repairs and Maintenance	6 102 058
	As previously reported	5 777 851
	Correction of error restatement - note 40.04	**324 207**
	Loss on disposal of Property, Plant and Equipment	761 789
	As previously reported	634 619
	Correction of error restatement - note 40.04	**127 170**

		2014 R	2013 R
41	**RECONCILIATION BETWEEN SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS**		
	Surplus for the year	3 093 076	19 947 479
	Adjustments for:		
	Depreciation and amortisation	13 592 473	13 396 483
	Impairments / (Reversal of Impairments)	(16 537)	38 293
	Loss on disposal of Property, Plant and Equipment	1 922 809	761 788
	Contribution from/to employee benefits - non-current	3 200 532	2 677 305
	Contribution from/to employee benefits - non-current - expenditure incurred	(771 539)	(704 463)
	Contribution from/to employee benefits - non-current - net actuarial losses/(gains)	2 380 324	(1 547 541)
	Contribution to employee benefits – current	2 373 624	3 041 793
	Contribution to employee benefits – current - expenditure incurred	(2 390 109)	(1 963 229)
	Contribution to provisions – non-current	906 255	796 976
	Contribution to provisions – bad debt	5 323 998	3 353 393
	Bad debts written off	(3 319 540)	(1 537 030)
	Operating lease income accrued	15 965	7 282
	Operating lease expenses accrued	4 007	6 205
	Grants Received	84 814 469	79 729 177
	Grant Expenditure and Transfers	(83 488 250)	(80 228 170)
	Grants paid back to Treasury	(353 597)	(33 811)
	Transfer of assets	-	(6 364 070)
	Decrease in liability portion exceeding carrying value of asset	(340 069)	-
	Operating Surplus before changes in working capital	26 947 891	31 377 859
	Changes in working capital	8 115 459	8 689 117
	Increase/(Decrease) in Payables from Exchange Transactions	12 569 649	16 901 876
	(Decrease)/Increase in Taxes	2 028 302	(1 807 635)
	Decrease in Inventory	99 810	256 691
	(Increase) in Trade and other Receivables	(6 582 302)	(6 661 815)
	Cash generated by operations	**35 063 350**	**40 066 976**
42	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - note 20	1 270 580	5 000 000
	Cash Floats - note 20	7 230	6 230
	Bank - note 20	2 328 930	1 669 538
	Total cash and cash equivalents	**3 606 741**	**6 675 768**
43	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - note 42	3 606 741	6 675 768
	Less:	3 189 404	877 400
	Unspent Committed Conditional Grants - note 10	1 874 177	877 400
	Taxes - note 12	1 315 227	-
	Resources available for working capital requirements	417 336	5 798 368
44	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 3	17 806 742	20 686 979
	Used to finance property, plant and equipment - at cost	(17 806 742)	(20 686 979)
	Cash invested for repayment of long-term liabilities	**-**	**-**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

		2014 R	2013 R
45	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
45.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	4 607 963	52 710 884
	Unauthorised expenditure current year - operating	5 197 964	4 607 963
	Unauthorised expenditure current year - capital	45 075	-
	Written off by council	(4 607 963)	(52 710 884)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	**5 243 039**	**4 607 963**

Incident	Disciplinary steps/criminal proceedings
Overspending of total amounts appropriated per vote in the approved budget	*None*

	2014 Actual R	2014 Final Budget R	2014 Variance R	2014 Unauthorised R
Unauthorised expenditure current year - operating				
Community Development Services	36 186 555	41 528 497	(5 341 942)	-
Corporate and Strategic Services	24 080 497	25 823 564	(1 743 067)	-
Engineering and Planning Services	102 810 303	97 881 542	4 928 761	4 928 761
Financial Services	30 738 308	30 469 105	269 203	269 203
General Council	4 378 149	4 972 000	(593 851)	-
Office of the Municipal Manager	4 088 006	4 590 000	(501 994)	-
	202 281 818	205 264 708	(2 982 890)	5 197 964
Unauthorised expenditure current year - capital				
Community Development Services	914 009	3 417 586	(2 503 577)	-
Corporate and Strategic Services	333 075	288 000	45 075	45 075
Engineering and Planning Services	34 341 285	56 277 987	(21 936 702)	-
Financial Services	9 021	15 000	(5 979)	-
General Council	113 756	205 000	(91 244)	-
Office of the Municipal Manager	-	-	-	-
	35 711 147	60 203 573	(24 492 427)	45 075

45.2	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	329 128	10 260
	Fruitless and wasteful expenditure - current year	-	285 909
	Fruitless and wasteful expenditure - prior year	8 197	43 219
	Transfer to receivables for recovery	-	(10 260)
	Fruitless and wasteful expenditure awaiting further action	**337 325**	**329 128**

Incident	Disciplinary steps/criminal proceedings		
Payments made for goods not delivered from supplier.	*Investigation still in progress. Case number 152/08/2013.*	29 500	29 500
Loss of revenue due to electricity vendor who did not pay electricity sales to Municipality.	*Reported to the SAPS. Case number 156/01/2013.*	256 409	256 409
SARS interest and penalities on PAYE, UIF and SDL relating to various periods from 2003 to before 30 June 2012.	*Matter will be send to MPAC for further investigation*	51 416	43 219
		337 325	**329 127**

		2014 R	2013 R
45.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	1 929 646	2 284 170
	Irregular expenditure - current year	267 840	156 068
	Irregular expenditure - prior year	-	-
	Written off by council	(156 068)	(510 592)
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	**2 041 418**	**1 929 646**

Incident	Disciplinary steps/criminal proceedings		
Non-compliance with SCM.	*Transactions will be forwarded to MPACC*	267 840	156 068
Property sold for substantially less than market value	*Recovery process is underway. Case number 43/05/2013.*	1 773 578	1 773 578
		2 041 418	**1 929 646**

46 MATERIAL LOSSES

Water distribution losses

Kilo litres disinfected/purified/purchased	3 412 310	3 441 916
Kilo litres sold and free basic services	(2 809 688)	(2 930 914)
Kilo litres lost during distribution	602 622	511 002
Percentage lost during distribution	17.66%	14.85%

Normal pipe bursts and field leakages are responsible for water losses.

Electricity distribution losses

Units purchased (Kwh)	62 358 472	63 465 319
Units sold, free basic services and standard friction losses	(54 347 397)	(57 276 885)
Units lost during distribution (Kwh)	8 011 075	6 188 434
Percentage lost during distribution	12.85%	9.75%

The reason for the increase in electricity losses is due to electricity theft on pre-paid meters. Fines were issued for first time offenders.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	-	-
Council subscriptions	581 166	591 003
Amount paid - current year	(581 166)	(591 003)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

47.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	385 974	-
Current year audit fee	3 542 832	3 972 125
External Audit - Auditor-General	3 445 345	3 928 775
Audit Committee	97 487	43 350
Amount paid - current year	(3 473 866)	(3 586 151)
Balance unpaid (included in creditors)	**454 940**	**385 974**

		2014 R	2013 R
47.3	**VAT - [MFMA 125 (1)(b)]**		
	Opening balance	2 564 758	425 392
	Amounts received - current year	(6 714 458)	(3 843 602)
	Amounts claimed - current year	2 834 473	5 982 968
	Closing balance - Receivable	**(1 315 227)**	**2 564 758**

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

47.4	**PAYE, SDL and UIF - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	8 652 791	7 207 450
	Amount paid - current year	(8 652 791)	(7 207 450)
	Balance unpaid (included in creditors)	**-**	**-**
47.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	15 019 797	13 181 175
	Amount paid - current year	(15 019 797)	(13 181 175)
	Balance unpaid (included in creditors)	**-**	**-**
47.6	**Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**		

The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:

Councillor J Barnard	-	3 091
Councillor BF Zass	-	515
Councillor PJ Petersen	13 565	-
Total Councillor Arrear Consumer Accounts	**13 565**	**3 606**

47.7 Other non-compliance (MFMA 125(2)(e))

(a) Deviations

All the deviations were ratified by the Municipal Manager and reported to Council.

Section 36(1)(a)(i) - Emergencies	384 890	260 009
Section 36(1)(a)(ii) - Single provider	197 023	622 745
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	2 900 741	1 924 638
	3 482 654	**2 807 393**
Office of the Municipal Manager	16 566	119 777
Financial Services	307 583	187 173
Corporate and Strategic Services	997 782	1 937 045
Community Development Services	188 572	359 036
Engineering and Planning Services	1 972 151	204 361
	3 482 654	**2 807 393**

		2014 R	2013 R
48	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	**5 604 974**	**13 179 391**
	This expenditure will be financed from:		
	Government Grants	5 604 974	13 179 391
		5 604 974	**13 179 391**

49 FINANCIAL RISK MANAGEMENT

The activities of the Municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality's financial performance.

(a) Foreign Exchange Currency Risk

The Municipality does not engage in foreign currency transactions.

(b) Price risk

The Municipality is not exposed to price risk.

(c) Interest Rate Risk

As the Municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The Municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2013 - 0.5%) Increase in interest rates	(71 036)	(70 087)
0.5% (2013 - 0.5%) Decrease in interest rates	71 036	70 087

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

	2014 %	2014 R	2013 %	2013 R
Balances past due not impaired:				
Non-Exchange Receivables				
Rates	63%	4 932 284	54%	2 828 721
Traffic Fines	5%	380 777	6%	340 411
Other Receivables	32%	2 543 161	40%	2 086 504
Total	100%	7 856 222	100%	5 255 637
Exchange Receivables				
Electricity	28%	5 069 192	35%	6 187 422
Water	34%	6 263 524	29%	5 190 512
Refuse	14%	2 546 091	13%	2 331 034
Sewerage	19%	3 425 661	20%	3 529 429
Other	5%	876 323	3%	478 849
Total	100%	18 180 792	100%	17 717 245

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The Municipality only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the Municipality for current and non-current investments are all listed on the JSE (ABSA Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:

Receivables from Exchange Transactions	26 065 700	24 341 359
Receivables from Non-exchange Transactions	11 409 520	8 556 018
Cash and Cash Equivalents	3 606 741	6 675 768
Unpaid conditional grants and subsidies	412 725	388 570
	41 494 685	**39 961 714**

	2014 R	2013 R

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
2014				
Long-term Liabilities	5 226 212	12 068 657	7 830 050	25 124 919
Capital repayments	3 555 370	7 880 229	6 371 143	17 806 741
Interest	1 670 842	4 092 143	1 555 192	7 318 177
Provisions - Landfill Sites	-	14 410 972	11 218 563	25 629 535
Capital repayments	-	11 291 374	8 371 465	19 662 838
Interest	-	3 119 598	2 847 099	5 966 697
Payables from Exchange Transactions	49 371 921	-	-	49 371 921
Unspent conditional government grants and receipts	1 874 177	-	-	1 874 177
Unspent Public Contributions	2 409	-	-	2 409
	56 474 719	**26 479 629**	**19 048 613**	**102 002 961**
2013				
Long-term Liabilities	5 183 194	14 910 951	9 787 562	29 881 707
Capital repayments	3 250 767	9 945 969	7 490 243	20 686 979
Interest	1 932 427	4 964 982	2 297 319	9 194 728
Provisions - Landfill Sites	6 577 806	14 374 537	-	20 952 343
Capital repayments	6 388 940	12 859 429	-	19 248 369
Interest	188 866	1 515 108	-	1 703 974
Payables from Exchange Transactions	36 713 446	-	-	36 713 446
Unspent conditional government grants and receipts	877 400	-	-	877 400
Unspent Public Contributions	2 409	-	-	2 409
	49 354 255	**29 285 488**	**9 787 562**	**88 427 305**

50 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Municipality are classified as follows:

50.1 Financial Assets

Financial Instruments at Amortised Cost		
Receivables from Exchange Transactions	26 065 700	24 341 359
Receivables from Non-exchange Transactions	11 409 520	8 556 018
Unpaid Conditional Government Grants and Receipts	412 725	388 570
Cash and Cash Equivalents	3 606 741	6 675 768
Total carrying amount of financial assets	**41 494 685**	**39 961 714**

50.2 Financial Liability

Financial Instruments at Amortised Cost		
Long-term Liabilities	14 251 372	17 436 212
Payables from Exchange Transactions	50 750 496	38 225 409
Unspent Conditional Grants and Receipts	1 874 177	877 400
Unspent Public Contributions	2 409	2 409
Current Portion of Long-term Liabilities	3 555 370	3 250 767
Total carrying amount of financial liabilities	**70 433 824**	**59 792 197**

		2014 R	2013 R

51 EVENTS AFTER THE REPORTING DATE

The Municipality do not have any events after reporting date.

52 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations or assistance during the year under review.

53 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

54 CONTINGENT LIABILITY

The Municipality had the following contingent liabilities at reporting date:

Goedehoop Citrus mitigation recovery of R1 773 578 for shortfall for erven 1765 and 1766 which was sold for substantially less than market value.

Matter against the Municipality by Jimmy Barnard: This matter has been finalised but legal costs that have to be taxed or agreed. The legal costs for which the Municipality may be liable are estimated at R50 000.

Matter against the Municipality by MJ Coetzee: This is an application by the owners of Erf 234 Graafwater against the Municipality for declaratory relief, alternatively a review regarding the decision taken in respect of an application for consent use. The matter is ongoing, pleadings have closed and the Applicants have to set it down for hearing. The legal costs for which the Municipality may be liable are estimated at R250 000 if the application is successful.

55 RELATED PARTIES

Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents. The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

55.2 Compensation of management personnel

The compensation of management personnel is set out in note 31 and 32 to the financial statements.

55.3 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship	2014 R	2013 R
P Sobekwa	Mr J Sobekwa	Team Leader Technical	Sister	5 800	58 950
C Newman	SC Newman	Councillor	Sister	33 284	22 933
Cedar Décor	H Evans	PA Director Technical Services	Daughter	-	4 500
CK Fredericks	A Fredericks	General Worker	Wife	-	3 500
HM Henderson	C Henderson	Junior Clerk Income	Sister	81 065	-
				120 149	**89 883**

56 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

56.01 ORIGINAL BUDGET vs FINAL BUDGET

Statement of Financial Position

Current Assets were increased as improved credit control measurements were put in place in order to increase to debt recovery and decrease the provision for bad debt.

Investment Property was not budgeted for in the original budget, as the Municipality was awaiting the audit outcome for 2013/14.

Statement of Financial Performance - Revenue

Service charges were decreased in order to correct an error in the original budget. The error related to water availability fees which was duplicated in the original budget.

Transfer recognised (Operational) was increased in order to take into account additional funding received from the Department of Fisheries and Forestry relating to the Marine Living Resources Fund grant.

Statement of Financial Performance - Expenditure

Employee Related Costs were decreased as the filling of vacant position were postponed to 2014/15. The positions included electrical engineer, professional town planner, IT manager and IDP manager.

Finance Charges were increased in order to take into account interest relating to employee benefits and landfill site rehabilitation provisions which was not budgeted for in the original budget.

Bulk Purchases were increased in order to take into account accrued water and electricity usage for June, which will only be billed in July.

Other Expenditure were increased in order to take into account grant expenditure relating to the additional funding received from the Department of Fisheries and Forestry relating to the Marine Living Resources Fund.

Cash Flow Statement

Cash Flow from Operating Expenditure were decreased as the human settlement grant is now administered by the Department and not by the Municipality anymore.

Cash Flow from Investing Activities were decreased as the human settlement grant is now administered by the Department and not by the Municipality anymore. Housing grant expenditure were budgeted for as capital expenditure.

Cash from Financing Activities were decreased as the original budget contained an error. The error relates to the repayment of loans, whereby the repayment only occurs after year-end.

56.02 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Current Assets budgeted included a higher than anticipated cash balance at year end.

Non-Current Assets higher than actual due to depreciation on PPE not taken into consideration.

Current liabilties are higher than anticipated due to creditor provision on multi year capital projects at year end.

Non-Current Liabilties are higher than budgeted for due to an extention of the closure dates of the landfill sites.

Statement of Financial Performance - Revenue

Property Rates are lower than budgeted due to rebate charges not subtracted during calculation of levied income.

Transfers recognized (operational) are lower due to the Marine Living Resource Grant budgeted amount received lower than anticipated.

Other Revenue is more than budgeted for due to the Fines income adjusted according to IGRAP1.

Statement of Financial Performance - Expenditure

Depreciation Charges included provision for Work in Progress projects that were to be completed during 2013/14, but were not finalised as anticipated. Therefore, no depreciation were calculated on these projects that have not commenced yet.

Electricity Bulk Purchase budget did not include the usage for the last 15 days in June which are payable in July.

Other Expenditure were less than budgeted for due to general savings.

Cash Flow Statement

Net cashflow from operating activities included Government Grants (MIG and Marine Living Resource Grant) not being with held by the tranferring officer.

Capital asset payments mainly grant funded, spending lower because of Governement grants witheld and delays in main capital projects that could not have been foreseen during budget process.

56.03 RECONCILIATION BETWEEN BUDGETS DISCLOSED AND APPROVED BUDGETS	Original Budget	Final Budget
Expenditure as per approved budget schedules	173 097 000	176 482 587
Approved Operating Grant Expenditure not included in main budget schedules due sub-schedules mapped incorrectly on National Treasury's prescibed format	15 231 000	28 781 708
Amounts as disclosed in Statement of Comparison of Budget and Actual Amounts	**188 328 000**	**205 264 295**

APPENDIX A - Unaudited
CEDERBERG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Rate	Loan Number	Maturity date	Balance at 30 June 2013	Received during the period	Redeemed during the period	Balance at 30 June 2014
ANNUITY LOANS							
ABSA	9.53%	30-1738-1864	31 Mar 2016	5 999 736	-	(2 002 961)	3 996 775
ABSA	9.64%	28-7900-0691	30 Sep 2018	2 514 660	-	(364 321)	2 150 339
Standard Bank	10.36%	03-263-793-4	31 Mar 2023	12 000 000	-	(721 929)	11 278 071
Total Annuity Loans				**20 514 396**	**-**	**(3 089 211)**	**17 425 186**
LEASE LIABILITIES							
Copier/Printer/Fax MP171SPFCHN - Serial J9047120184			Dec 2013	2 309	-	(2 309)	-
Copier/Printer/Fax MP171SPFCHN - Serial J9056720721			Oct 2013	2 336	-	(2 336)	-
Copier/Printer/Fax MP171SPFCHN - Serial K2168506060			Oct 2013	2 728	-	(2 728)	-
Copier/Printer/Fax MP171SPFCHN - Serial K2258901289			Dec 2013	2 893	-	(2 893)	-
Copier/Printer/Fax MP171SPFCHN - Serial K9362800303			Nov 2013	6 601	-	(6 601)	-
Copier/Printer/Fax MP171SPFCHN - Serial V4408710345			Dec 2013	3 479	-	(3 479)	-
Copier/Printer/Fax MP171SPFCHN - Serial V4409007412			Mar 2014	5 160	-	(5 160)	-
Copier/Printer/Fax MPC2050ADB - Serial V2204604385			Mar 2014	24 714	-	(24 714)	-
Copier/Printer/Fax MPC2050ADB - Serial V2204604386			Mar 2014	24 714	-	(24 714)	-
Copier/Printer/Fax MPC2800 - Serial V1404502486			May 2014	29 367	-	(29 367)	-
Copier/Printer/Fax MP6001 - Serial V6993500242			May 2014	41 858	-	(41 858)	-
Copier/Printer/Fax AF1515MFP - Serial K2149300392			May 2014	4 617	-	(4 618)	-
Copier/Printer/Fax MPC2051AD - Serial V9723800805			June 2015	21 807	-	(10 781)	11 026
Printer Xerox WC 7835 - Serial 3912323160			Febr 2017	-	54 767	(6 465)	48 302
Printer Xerox WC 7835 - Serial 3912320013			Febr 2017	-	54 767	(6 465)	48 302
Printer Xerox WC 7835 - Serial 3912322806			Febr 2017	-	54 767	(6 465)	48 302
Printer Xerox WC 5855 - Serial 3660183395			Febr 2017	-	58 980	(7 857)	51 123
Printer Xerox WC 533ST - Serial 3322831080			Febr 2017	-	37 916	(4 504)	33 412
Printer Xerox CQ 9303 - Serial 3661918771			Febr 2017	-	160 089	(19 001)	141 088
Total Lease Liabilities				**172 584**	**421 287**	**(212 314)**	**381 555**
TOTAL EXTERNAL LOANS				**20 686 980**	**421 287**	**(3 301 525)**	**17 806 741**

APPENDIX B - Unaudited

CEDERBERG LOCAL MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2013 R	Correction of error restatement R	Restated Balance 1 July 2013 R	Paid back to Treasury R	Contributions during the year R	Operating Expenditure Transferred to Revenue R	Capital Expenditure Transferred to Revenue R	Balance 30 June 2014 R	Unspent 30 June 2014 (Creditor) R	Unpaid 30 June 2014 (Debtor) R
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS										
National Government Grants										
Equitable Share	-	-	-	-	28 188 000	(28 188 000)	-	-	-	-
Municipal Infrastructure Grant (MIG)	-	-	-	-	8 623 000	(847 767)	(7 775 233)	-	-	-
Municipal Systems Improvement Grant (MSIG)	-	-	-	-	890 000	(866 202)	(23 798)	-	-	-
Financial Management Grant (FMG)	-	-	-	-	1 300 000	(1 300 000)	-	-	-	-
Integrated National Electrification Programme	158 597	-	158 597	(158 597)	8 500 000	-	(7 134 906)	1 365 094	1 365 094	-
Department of Water Affairs	(215 272)	-	(215 272)	-	-	-	-	(215 272)	-	(215 272)
EPWP	-	-	-	-	1 000 000	(1 000 000)	-	-	-	-
Department of Rural Affairs National	-	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership	170 845	-	170 845	(195 000)	-	-	-	(24 155)	-	(24 155)
Regional Bulk Infrastructure Grant (RBIG)	-	-	-	-	18 169 192	-	(18 169 192)	-	-	-
WSOG - ACIP	(173 298)	-	(173 298)	-	-	-	-	(173 298)	-	(173 298)
WSOG - O&M	-	-	-	-	2 000 000	(2 000 000)	-	-	-	-
Total National Government Grants	**(59 128)**	**-**	**(59 128)**	**(353 597)**	**68 670 192**	**(34 201 969)**	**(33 103 129)**	**952 369**	**1 365 094**	**(412 725)**
Provincial Government Grants										
Bird Island Project	237 657	(237 657)	-	-	-	-	-	-	-	-
LED Grant	96 524	-	96 524	-	-	-	-	96 524	96 524	-
Spacial Development Framework	113 542	-	113 542	-	-	(20 520)	-	93 022	93 022	-
Preparation Fund project	6 673	(6 673)	-	-	-	-	-	-	-	-
Human Settlement Development Grant	-	-	-	-	-	-	-	-	-	-
Performance Management Support	52 564	(52 564)	-	-	-	-	-	-	-	-
Library Services	-	-	-	-	165 000	-	(165 000)	-	-	-
Library Services MRF	-	-	-	-	2 927 000	(2 927 000)	-	-	-	-
CDW Support	-	-	-	-	147 600	(98 945)	-	48 655	48 655	-
Housing Consumer Education	66 940	-	66 940	-	-	-	-	66 940	66 940	-
Provincial Health Subsidy	-	-	-	-	2 415	(2 415)	-	-	-	-
Road Maintenance	-	-	-	-	57 779	(57 779)	-	-	-	-
Development of Sport and Recreational Facilities	67 986	-	67 986	-	75 000	(74 817)	-	68 169	68 169	-
Mobility Strategies Grant	15 297	-	15 297	-	-	-	-	15 297	15 297	-
Master Planning Grant	2 000	-	2 000	-	-	-	-	2 000	2 000	-
Marine Living Resources Fund	-	-	-	-	12 269 483	(12 269 483)	-	-	-	-
IDP Grant	-	-	-	-	-	-	-	-	-	-
Financial Management Support Grant	133 105	52 564	185 669	-	400 000	(467 193)	-	118 476	118 476	-
Tribute to Nelson Mandela	-	-	-	-	100 000	(100 000)	-	-	-	-
Total Provincial Government Grants	**792 288**	**(244 330)**	**547 958**	**-**	**16 144 277**	**(16 018 152)**	**(165 000)**	**509 083**	**509 083**	**-**
TOTAL	**733 160**	**(244 330)**	**488 830**	**(353 597)**	**84 814 469**	**(50 220 121)**	**(33 268 129)**	**1 461 452**	**1 874 177**	**(412 725)**